

think, has the right message and has the right approach for protecting the future of America.

I think this is great. I am willing to brag about the fact that we protect every cent of Social Security's \$1.9 trillion surplus in every year, which adheres to the spending agreement reached with the President in 1997. It also leaves \$277 billion to finance emergencies and other priorities, like Medicare and prescription drugs, or simply additional debt reduction, yet still proposes returning \$792 billion of the \$1 trillion personal income tax overpayment to the taxpayers—I will run on that. I would be glad to run against any Democrat who would come up and say that he supports the President's plan which proposes to increase taxes by \$100 billion over the next 10 years, a plan that, despite the largest Federal budget surplus in history, wants to increase taxes, wants \$1.1 trillion more spending than a Congress which is adhering to the 1997 budget agreement, which raids Social Security for \$30 billion over the next 10 years, which retires over \$200 billion less in public debt than the Congress, and which would still not provide a single cent in net tax relief, despite a \$1 trillion personal income tax overpayment.

I would be glad to run on that. It amazes me that as we get closer to the election, more and more of the debate gets to be toward cutting taxes. But when we are out from the election, then people criticize Republicans. Other Members in this body, on the other side, criticize Republicans for trying to do the responsible thing and recognize that the windfall that is coming into the Federal Government, the windfall that is coming into the States, actually belongs to the people. They are the ones who worked hard and the ones who earned it.

I want to come down on the side of many of my colleagues on the Republican side who have argued for a tax cut. I think we can do that and pay down the debt. As Senator ENZI mentioned in his comments earlier this morning, we can do both. We can pay down the debt. We can provide for a tax cut, and that is the responsible thing to do. To say that the responsible thing to do is more spending, I believe, is irresponsible.

I want to let it be known that I am strongly in favor of a tax cut, and I am strongly in favor of paying down the debt. I believe we can do both.

I yield the floor.

ORDER OF PROCEDURE

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I understand the other side had time, which would expire at 12:30, but I don't want to cut into that time.

The PRESIDING OFFICER. The other side has 4 minutes 5 seconds left.

Mr. BAUCUS. Mr. President, if the Senator from Colorado is not going to

use that time, I ask unanimous consent to speak for the remaining 4 minutes.

Mr. ALLARD. Mr. President, if he asks unanimous consent to be allowed to speak for 2 minutes, I will be glad to yield that time.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak as in morning business when the Senate reconvenes at 2:15, for 15 minutes, and that Mr. SESSIONS be allowed to speak for 12 minutes as in morning business immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:27 p.m., recessed until 2:17 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

The PRESIDING OFFICER. The Senator from Montana is recognized.

THE TAX "SURPLUS"

Mr. BAUCUS. Mr. President, when the tax reconciliation budget comes before the Senate tomorrow, I plan to offer an amendment which will provide for a lockbox on the Social Security surplus; that is, all the payroll tax surplus that would otherwise go to the Social Security trust fund would be locked into that trust fund. The amendment also provides that one-third of the onbudget surplus be set aside for Medicare.

Why am I doing that? Very simply, Mr. President, because I believe that as we leave this century and this millennium and as we move into the next century and the next millennium, we are faced with a historic opportunity to make decisions that are going to either correctly or incorrectly affect lots of Americans.

What do I mean? Very simply this. A little history first:

About 18 or 19 years ago, after the 1980 elections, this Congress passed a very large tax reduction bill—very large—proposed by the President and passed by this Congress.

What happened as a consequence of that very large tax cut in 1981? I think all commentators will agree—at least a vast majority of commentators will agree—that it caused the deficits in this country to shoot up and the national debt to rise. That tax cut was accompanied by a big increase in defense spending. I am not going to quarrel how much that increase was correct or incorrect. But the agreement is—and by far most people agree—that as a consequence of that action deficits rose dramatically.

If we add up the annual deficits beginning with President George Washington and continuing every year through all the Presidents in American history, up through and including

Jimmy Carter, they total about \$1 trillion.

In 1988, when Congress passed a tax cut, what happened? The national debt shot up. Why? Because deficits shot up. The national debt in 1980 was about \$1 trillion. Twelve years later, the national debt was about \$5-, \$6- or \$7 trillion. It increased \$4- or \$5 trillion, from \$1 trillion to \$6- or \$7 trillion in that 12-year period—a huge national debt—and we are paying interest on that national debt in the neighborhood of \$267- to \$280 billion a year. That is what happened.

What did Congress do? It passed two tax increases. The Republican President, Republican Congress, passed two tax increases. There was a significant tax increase in 1982 because the deficits were going out of sight and, in 1984, another tax increase with the Republican President, Republican Congress because the deficits were still going out of sight. That is what happened in the 1980s when Congress was tempted and succumbed to the get-rich-quick siren song with huge tax reductions. That is what happened: instant gratification. However, the future kids and grandkids paid for it in the national debt increase. We passed on the burden and gave it to ourselves, saddling the future with the burden. That is what we did in 1981, pure and simple.

In 1999, what happened? Through a lot of factors, including the Democratic President and the Democratic Congress in 1993, we enacted a large deficit reduction, half tax increases and half spending cuts. Economists agree, as a consequence of that, the national deficit started coming down. The debt starting coming down.

That is not the only reason the debt started coming down. The economy was doing pretty well. Interest rates were down, probably because the market saw the President was going to get a handle on spending and handle on the deficit because the deficits were so high. With increasing technology and globalization, American firms became much more competitive in competing in world markets. The American economy did very well in the last several years as a consequence of all those factors. Incomes have gone up, payroll tax revenues have gone up, and income tax receipts have gone up.

What does that mean today? In 1999, we are projecting a \$3 trillion surplus over the next 10 years. Mr. President, \$2 trillion of that is payroll tax revenue increases, which we all agree will go to the Social Security trust fund; \$2 billion of the \$3 billion comes from payroll taxes, and we all agree it will go to the Social Security trust fund. That leaves \$1 trillion in the surplus. That \$1 trillion is generated by income tax receipts.

The question before the Congress is: What are we going to do with that \$1 trillion? That is the question. As we are poised to move into the next millennium, I say we ought to make careful decisions about that. We better not